Joint Comittee on Taxation
October 13, 1989
JCX-65-89

ESTIMATED REVENUE EFFECTS OF ITEMS INTENDED TO MEET BUDGET RECONCILIATION INSTRUCTIONS

Fiscal Years 1990-1994
[Millions of Dollars]

Item	Effective	1990	1991	1992	1993	1994	1990-94
I. REPEAL FINANCIAL INSTITUTION (FSLIC & FDIC) TAX BENEFITS							
(P.L. 101-73) (1)	5/10/89	568	31	351	310	213	1,473
II. CORPORATE PROVISIONS							
A. Defer interest deduction on certain high-yield original issue discount (OID) obligations until interest is paid	*	18	44	86	120	141	409
B. Limit dividends received deduction with respect to certain nontaxed income of consolidated subsidiaries (effective for stock issued after effective date)	10/ 3/89	45	92	154	209	271	771
C. Repeal nonrecognition treatment when securities are received in a section 351 transaction	(2)	164	288	289	316	359	1,416
D. Reduce built-in gain or loss threshold of sections 382 and 384 to lesser of 15% or $25 million	10/ 3/89	12	18	17	18	19	84
E. Require basis reduction for nontaxed portion of dividends on self-liquidating ("wasting") stock	*	6	10	11	12	13	52
F. Modify consolidated return excess loss account recapture rules to prevent shifting of basis to debt	*	54	69	61	52	42	278
G. Clarify Treasury regulation authority relating to bifurcation of an instrument into debt and equity portions (section 385)(3)	*	3	3	3	3	3	15
H. Require reporting to IRS of acquisitions and recapitalizations(3)	D/o/E	3	3	3	3	3	15
I. Limit net operating loss carrybacks attributable to interest expense in certain circumstances (S. 1506)	ty/e/a: 8/ 2/89	226	406	420	384	343	1,779
J. Require regulated investment companies (mutual funds) to distribute 98% of ordinary income to their shareholders	ty/e/a: 7/10/89	50	5	5	5	5	70
K. Adjust basis for mutual fund load charge only if shareholder holds shares for more than six months	10/ 4/89	28	46	22	7	5	108
L. Include dividends in income of regulated investment companies on ex-dividend date (effective for ex-dividend dates after D/o/E)	D/o/E	110	20	20	20	20	190
Subtotals:		719	1,004	1,091	1,149	1,224	5,187
III. EMPLOYEE BENEFIT PROVISION							
A. Repeal partial exclusion for interest paid on ESOP loans if ESOP owns less than 30% of the employer's stock (section 133)	Generally: 6/ 7/89	1,101	1,400	1,774	2,123	2,488	8,886
B. Limitation on contributions to pension plans for retiree medical benefits (section 401(h) accounts)	1/ 1/89	60	126	150	175	200	711
Subtotals:		1,161	1,526	1,924	2,298	2,688	9,597

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Item	Effective	1990	1991	1992	1993	1994	1990-94
IV. FOREIGN PROVISIONS							
A. Conform tax years of certain controlled foreign corporations and foreign personal holding companies to the tax years of certain U.S. shareholders (with one-month exception)	ty/b/a: 7/10/89	48	71	71	71	36	297
B. Change the sourcing of income of certain corporations in commonly-controlled groups	ty/b/a: 7/10/89	20	37	41	45	49	192
C. Improve information reporting by U.S. subsidiaries and branches of foreign corporations	ty/b/a: 7/10/89	55	75	80	85	90	385
Subtotals:		123	183	192	201	175	874
V. EXCISE TAX PROVISIONS							
A. Repeal Airport and Airway Trust Fund tax reduction trigger until 10/1/90	1/ 1/90	851	211	--	--	--	1,062
B. Increase international air passenger departure tax from $3.00 to $6.00 per person	1/ 1/90	51	89	94	100	106	440
C. Impose $3.00-per-passenger tax on international departures by commercial ships	1/ 1/90	5	7	8	8	8	36
D. Impose Oil Spill Liability Trust Fund petroleum tax at $0.03/barrel (cap at $300 million)	1/ 1/90	43	114	60	8	--	225
E. Impose tax on ozone-depleting chemicals subject to the Montreal Protocol	1/ 1/90	384	560	753	1,171	1,442	4,310
F. Change collection of gasoline excise from semi-monthly to weekly deposits	1/ 1/90	111	4	1	2	4	122
Subtotals:		1,445	985	916	1,289	1,560	6,195
VI. ACCOUNTING PROVISION							
Modify treatment of cost of acquiring franchises, trademarks, and trade names (20-year amortization election for fixed and contingent payments)	10/ 3/89	51	108	144	157	185	645
VII. EMPLOYMENT TAX PROVISIONS							
A. Impose income tax withholding on the wages of certain agricultural workers	1/ 1/90	270	68	21	22	23	404
B. Payroll tax speedup ($1,950,000 threshold: next-day deposit in 1990; $1,500,000 threshold: third-day deposit in 1991; $1,600,000 threshold: third-day deposit in 1992; $1,700,000 threshold: next-day deposit in 1993; and $1,775,000 threshold: second-day deposit in 1994)(3)	6/30/90	800	3	3	3	3	812
Subtotals:		1,070	71	24	25	26	1,216
VIII. OTHER REVENUE-RAISING PROVISIONS							
A. Tax pre-contribution gain on certain in-kind partnership distributions made within three years of contribution	10/ 4/89	6	12	16	19	20	73
B. Restrict like-kind exchange basis shifting techniques between related parties	7/ 10/89	100	120	130	140	151	641
Subtotals:		106	132	146	159	171	714

Item	Effective	1990	1991	1992	1993	1994	1990-94
IX. S CORPORATION ESTIMATED TAX							
Require corporate estimated tax payments on tax liability for certain Subchapter S income (3)	1/ 1/90	25	3	3	3	3	37
X. OTHER PROVISIONS							
A. Modify rules concerning recapture of bad-debt reserves of mutual savings banks and other thrift institutions	D/o/E	1	3	10	13	20	47
B. Deny retroactive certification of WIN credit	(4)	38	28	12	--	--	78
Subtotals:		39	31	22	13	20	125

SUMMARY

I. REPEAL FSLIC & FDIC TAX BENEFITS (1)	568	31	351	310	213	1,473
II. CORPORATE PROVISIONS	719	1,004	1,091	1,149	1,224	5,187
III. EMPLOYEE BENEFIT PROVISIONS	1,161	1,526	1,924	2,298	2,688	9,597
IV. FOREIGN PROVISIONS	123	183	192	201	175	874
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VI. ACCOUNTING PROVISION	51	108	144	157	185	645
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VIII. OTHER REVENUE-RAISING PROVISIONS	106	132	146	159	171	714
Subtotals: REVENUE-RAISING PROVISIONS (I-VIII)	5,243	4,040	4,788	5,588	6,242	25,901
IX. S CORPORATION ESTIMATED TAX	25	3	3	3	3	37
X. OTHER PROVISIONS	39	31	22	13	20	125
GRAND TOTALS	**5,307**	**4,074**	**4,813**	**5,604**	**6,265**	**26,063**

Joint Committee on Taxation

NOTES: In "Effective" column-- D/o/E denotes provision effective on date of enactment.
ty/b/a denotes "taxable years beginning after" effective date given.
ty/e/a denotes "taxable years ending after" effective date given.
* denotes provision is effective for transactions after 7/10/89, unless otherwise noted.

(1) Estimate reflects net budget effects, including outlay effects, as estimated by the Congressional Budget Office.
(2) Provision generally would apply to transfers made by corporations after 7/11/89 and to transfers made by all other persons after the date of introduction of proposal.
(3) For the purpose of this table, estimates originally shown as less than $5 million are assigned an arbitrary amount of $3 million.
(4) Credits first claimed after March 11, 1987.